

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

JOANN INC., *et al.*,¹

Debtors.

)
) Chapter 11

)
) Case No. 25-10068 (CTG)

)
) (Jointly Administered)

)
) Re: Docket No. 17, 480, 486

)
) Hearing Date: Feb. 26, 2025 at 2:00 p.m. (ET)

)
) Obj. Deadline: Feb. 25, 2025 at 5:00 p.m. (ET)

**RESERVATION OF RIGHTS OF GC AMBASSADOR COURTYARD LLC, MP
ELKO, LLC, AND MGP XII SUNRISE VILLAGE, LLC TO PROPOSED
APPROVAL OF AGENCY AGREEMENT AND SALE OF DEBTORS' ASSETS**

GC Ambassador Courtyard LLC, MP Elko, LLC, and MGP XII Sunrise Village, LLC (collectively, the “Landlords”), respectfully file this reservation of rights (the “Reservation”), by and through their undersigned counsel, with respect to the entry of an order approving the sale of the Debtors’ assets in connection with the *Motion of Debtors for Entry of an Order (I) Approving Bidding (II) Scheduling Certain Cates and Deadlines with Respect Thereto, (III) Approving the Form and Manner of Notice Thereof, (IV) Approving the Stalking Horse Agreement, (V) Establishing Notice and Procedures for the Assumption and Assignment of Contracts and Leases, (VI) Authorizing the Assumption and Assignment of Assumed Contracts and Leases, (VII) Approving the Sale of Assets, and (VIII) Granting Related Relief* [D.I. 17] (the “Sale

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: JOANN Inc. (5540); Needle Holdings LLC (3814); Jo-Ann Stores, LLC (0629); Creative Tech Solutions LLC (6734); Creativebug, LLC (3208); WeaveUp, Inc. (5633); JAS Aviation, LLC (9570); joann.com, LLC (1594); JOANN Ditto Holdings Inc. (9652); Dittopatterns LLC (0452); JOANN Holdings 1, LLC (9030); JOANN Holdings 2, LLC (6408); and Jo-Ann Stores Support Center, Inc. (5027). The Debtors’ mailing address is 5555 Darrow Road, Hudson, Ohio 44236.

Motion”)² and the *Notice of Winning Bidder for Certain of the Debtors’ Assets*, filed on February 22, 2025 [D.I. 480], and respectfully represents as follows:

BACKGROUND

1. JOANN INC. and certain of its debtor affiliates (collectively, the “Debtors”), filed their voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code on January 15, 2025 (the “Petition Date”). The Debtors continue to operate their business and manage their properties as debtors-in-possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

2. Landlords are each lessors of nonresidential real property leases, located at (1) Ambassador Row, Lafayette, Louisiana (landlord GC Ambassador Courtyard LLC), (2) Elko Junction, Elko, Nevada (MP Elko, LLC), and (3) Sunrise Village, Citrus Heights, California (MGP XII Sunrise Village, LLC) operated by Debtors as “Joann’s” retail stores. It cannot be seriously disputed that each of Debtors’ leases with Landlords is for premises in a “shopping center,” as that term is defined in Section 365(b)(3) of the Bankruptcy Code. *See, e.g., In re Joshua Slocum, Ltd.*, 922 F.2d 1081, 1087 (3d Cir. 1990); *In re Three A’s Holdings, LLC*, 364 B.R. 550, 560 (Bankr. D. Del. 2007).

3. On February 16, 2025, this Court entered its *Order (I) Approving Bidding Procedures, (II) Scheduling Certain Dates and Deadlines with Respect Thereto, (III) Approving the Form and Manner of Notice Thereof, (IV) Approving the Stalking Horse Agreement, (V) Establishing Notice and Procedures for the Assumption and Assignment of Contracts and Leases, (VI) Authorizing the Assumption and Assignment of Assumed Contracts and Leases, (VII) Approving the Sale of Assets, and (VIII) Granting Related Relief* [D.I. 446] (the “Procedures”).

² Capitalized terms used but not otherwise defined here shall have the meaning ascribed to them in the Sale Motion and accompanying documents.

Order”), by which the Court approved procedures setting forth the process by which the Debtors are authorized to conduct a marketing and auction process for the sale or sales (the “Sale Transactions”) of substantially all of the Debtors’ assets (the “Assets”).

4. The Auction commenced on February 21, 2025 and concluded on February 22, 2025. At the conclusion of the Auction, the Debtors, selected GA Joann Retail Partnership, LLC (the “Joint Venture” or the “Winning Bidder”), a subsidiary of GA Group, together with Wilmington Savings Fund Society, FSB, in its capacity as Prepetition Term Loan Agent, as the Winning Bidder. The Winning Bid provides, among other things, cash consideration in the amount necessary to pay in full the Prepetition ABL and FILO Facilities, as well as a \$105,000,000 Credit Bid of the Prepetition Term Loan Facility in exchange for substantially all of the Debtors’ Assets.

5. On February 24, 2025, Debtors filed their *Notice of Filing Winning Bidder Agency Agreement* [D.I. 486], attaching a copy of the Agency Agreement, dated as of February 26, 2025, between Debtors, as Merchant, and the Joint Venture, as Purchaser. The Agency Agreement (at Section 15), provides, among other things, for the sale of “Lease/Contract Designation Rights.”

6. While a proposed order approving the Sale Transactions was just recently filed [D.I. 493], Landlords were previously provided, on an informal basis, with an initial draft. The initial draft order was problematic in several respects, failing to track certain aspects of the Sale Transactions and containing findings, premature at this point, regarding the prospective assumption and assignment of leases following the exercise of Lease/Contract Designation Rights. Discussions with Debtors and the Committee, however, have produced a framework for a consensual resolution of outstanding issues as to the proposed order, primarily through deferring proposed designation rights procedures to a separate designation rights procedures motion and subsequent order.

RESERVATION OF RIGHTS

7. Landlords have no general objection to the Sale Transactions, Debtors' selection of the Winning Bidder, or the Court's approval of the Agency Agreement, but have concerns regarding certain aspects of the mechanics and implementation of the post-closing Lease/Contract Designation Rights. Since the "devil is in the details," Landlords respectfully reserve their rights with respect to the revised form of sale order. Landlords are optimistic that outstanding issues can be resolved through appropriate documentation, particularly through the deferral, to a separate motion, of any approval of procedures for the Winning Bidder's future exercise of Lease/Contract Designation Rights.

WHEREFORE, any order approving the Sale Transaction should be modified as set forth herein, and Landlords respectfully reserve all rights related to the form of the order that is ultimately submitted to the Court.

Dated: February 25, 2025
Wilmington, Delaware

Respectfully submitted,

/s/ Laurel D. Roglen

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